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Green Governance and Structural Oppression in Global Agricultural Supply Chains: The North–South Divide

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Abstract. Drawing on existing literature, this paper conducts a critical analysis of ESG standards in global agricultural supply chains and its impact on producers in the Global South. It develops a multi-level and cross-theoretical analytical framework to address the limitations of current studies, which have more focused on macro-level governance while neglecting cross-level perspectives that explain how institutional pressures are transmitted and how producers respond. At the macro level, the World Society Theory is used to reveal how ESG standards shape discursive and resource allocation power within transnational governance networks, explaining their global diffusion, legitimization, and the consequent establishment of market access standards and asymmetrical discursive authority. At the meso level, the New Institutionalism is used to illuminate the mechanisms through which coercive, normative, and mimetic pressures are transmitted along supply chains. At the micro level, the Theory of Planned Behavior explains why producers in the Global South, constrained by attitudes, subjective norms, and perceived behavioral control, tend to adopt symbolic compliance rather than substantive transformation. The findings suggest that ESG certification, originally designed as a 'universal' tool to promote sustainability, has gradually evolved into an institutionalized pressure: under conditions of resource and capacity constraints, the compliance practices of Southern producers resemble symbolic performances, reflecting the structural oppression embedded in green governance.

Keywords: ESG, Global Agricultural Supply Chains, World Society Theory, New-Institutional Theory, Theory Of Planned Behavior (TPB).

1. Introduction

Against the backdrop of the continued expansion of global ESG governance regime, green compliance has gradually evolved from a voluntary improvement tool into an institutionalized pressure mechanism embedded within the agricultural production systems of the Global South. It now profoundly shapes smallholders' production choices, resource allocations, and behavioral perceptions. The proliferation of green labels and the widespread occurrence of greenwashing are not merely cases of corporate moral failure, but rather structural outcomes of institutional dynamics characterized by power asymmetries, responsibility shifting, and symbolic forms of governance within global agricultural supply chains. To deepen the understanding of this phenomenon, this paper reviews and synthesizes existing research on ESG governance in agricultural supply chains,

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green certification systems, and smallholder responses. It develops a multi-theoretical analytical framework that spans macro-structural, meso-institutional, and micro-psychological levels. This framework systematically reveals how green governance tends towards formalism in practice and reconsiders the agency and institutional constraints faced by actors in the Global South during the sustainability transition.

2. Literature review

2.1. ESG governance and global agricultural supply chains

Within global agricultural supply chains, ESG (Environmental, Social and Governance) standards have become a central benchmark for assessing the sustainability performance of multinational corporations, such as food, beverages, and agri-product retail, ESG ratings not only serve as key tools for demonstrating corporate social responsibility, but also directly influence a firm's ability to meet investor expectations, secure market access, and reduce operational risks [1]. To enhance performance in these areas, companies often establish detailed internal management guidelines and extend ESG-related requirements throughout the supply chain. These typically cover environmental protection, green procurement, labor rights, working conditions, women's empowerment, and community development, while urging supply chain partners to align with shared sustainability goals—thus promoting the standardization of supply chain practices [2]. Under this governance framework, voluntary certification schemes have emerged as key instruments for companies to signal sustainability and compliance externally. Schemes such as Fairtrade, Rainforest Alliance, and RSPO (Roundtable on Sustainable Palm Oil) are administered by independent third parties and rely on rigorous auditing procedures to verify the compliance of firms and their partners. However, the implications of this governance model vary across different actors. For multinational corporations, certification functions as a passport to market access; for consumers and investors, it offers reassurance for ethical consumption and responsible investment. For smallholders and cooperatives in the Global South, however, certification can represent both an opportunity and a burden. On the one hand, it may require lead firms to provide support to downstream partners—such as agricultural knowledge, technical training, and child protection. On the other hand, in order to gain access to markets and maintain certification status, producers must bear substantial costs associated with audits and record-keeping.

Under conditions of limited resources, these costs may undermine the economic resilience of small-scale producers—especially when facing declining incomes, which can make it difficult to sustain the prescribed farming practices and production standards. In some cases, this has led to the exclusion of certain smallholders from the supply chain altogether. As a result, certification schemes often end up serving the interests of Northern markets and multinational firms more than those of Southern producers, with limited protective effect for the latter in practice [3].

2.2. Compliance and certification mechanisms in supply chains

As ESG standards have shifted from evaluative frameworks to operational protocols, their implementation within agricultural supply chains has increasingly become a prerequisite for access to international markets [4]. These standards are institutionalized through certification schemes, third-party audits, and rating systems, which require exporters and processors to fully comply with environmental, labor, and governance criteria in order to gain market entry. This logic of compliance extends beyond upstream enterprises and is transmitted downwards through complex governance

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networks. From international organizations and transnational alliances, to national regulators, local industry associations, and eventually to exporters and farmers, ESG standards are progressively layered with technical, managerial, and production requirements at each level. As a result, compliance has evolved into a multi-tiered system of mandatory rules. This cascading structure imposes significant pressures on small-scale producers at the base of the supply chain. Farmers and cooperatives in the Global South are often compelled to modify their cropping practices and production systems to meet the expectations of certifiers and exporters—covering issues such as labor protection, environmental conservation, and water resource management. They must also cover the costs of certification audits, invest in new equipment and inputs, undergo training, and adhere to strict documentation and record-keeping procedures [5]. These additional financial, labor, and time-related demands have placed considerable strain on many smallholders, leading to cash flow difficulties, labor shortages, and even the need to reduce other agricultural inputs in order to maintain certification status. To minimize compliance risks, some farmers have shifted towards low-risk crops with lower certification costs, which in turn limits opportunities for income diversification. This trend is particularly evident in export-oriented sectors, such as Thailand's rice industry. While the promotion of ESG standards has, to some extent, enhanced the overall international competitiveness of these industries, it has simultaneously deepened the economic vulnerability of producers at the bottom of the supply chain [6]. Many are left with no option but to engage in superficial compliance — such as preparing for inspections or temporarily meeting performance indicators — to retain certification, without being able to genuinely improve long-term production efficiency or environmental outcomes.

2.3. Symbolic green practices and greenwashing in supply chains

In recent years, increasing attention has been paid to the passive involvement of farmers and cooperatives in symbolic green practices and greenwashing strategies within global agricultural supply chains. This phenomenon is largely driven by the stringent market standards imposed by multinational corporations, exporters, and certification bodies, which make compliance a prerequisite for maintaining contracts and market access. In response, farmers often engage in temporary or superficial environmental actions—motivated more by external compliance pressures than by a genuine commitment to long-term sustainability transitions [7]. In Indonesia's palm oil sector, for example, some smallholders temporarily modify their production records and upgrade facilities in order to meet the minimum requirements of RSPO (Roundtable on Sustainable Palm Oil) audits. Once the inspection is over, they often revert to their previous management practices. Similarly, in parts of Central America, coffee cooperatives retain Rainforest Alliance certification by purchasing ecological fertilizers and protective equipment shortly before audits. These items serve as visible "evidence" of environmental and labor compliance, even though their day-to-day operations continue to rely on more affordable, traditional methods.

To date, most research has focused on Northern countries, with limited attention paid to the experiences and behavioral logic of smallholders and cooperatives in the Global South as they navigate certification pressures. Furthermore, existing literature lacks a systematic analysis of the 'institutional transmission chain' embedded in certification mechanisms. There remains an insufficient understanding of how ESG standards are translated—through international, national, and local levels—into structural constraints for producers at the bottom of the supply chain. Nor is there an adequate explanation of the mechanisms through which individual actors at the chain's end are passively drawn into this process. These research gaps indicate that current analyses of green governance remain fragmented. What is missing is a comprehensive theoretical framework that links

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global power structures with individual behavioral responses, and that integrates multiple layers of institutional and cognitive dynamics.

3. Structural and psychological mechanisms of greenwashing

3.1. Macro environment: the power structure of global ESG standards

Although the formulation of global ESG standards is often framed as based on 'consultation' and 'global consensus', in practice, power is heavily concentrated in international organizations and certification alliances largely dominated by Europe and North America. These institutions not only control the agenda-setting and resource allocation processes, but — more critically — monopolies the authority to define green knowledge. They determine what qualifies as 'sustainable', who is entitled to participate in assessments, and who holds the power to validate compliance. Throughout this process, local knowledge, the needs of farmers, the ecological diversity of Southern environments, and the practical feasibility of standards are systematically overlooked. As a result, the voices of producers in the Global South are largely excluded from both the design and governance stages. What is nominally a cooperative relationship has effectively evolved into a one-directional flow of aid and imposition from the North [8]. This structural inequality reflects what can be described as a form of knowledge colonization: green governance standards and technologies are transferred unidirectionally from North to South, while the epistemologies and lived realities of Southern actors are marginalized and excluded from standard-setting processes. Although green certification may promote formal harmonization in global environmental governance, it simultaneously perpetuates Northern governance logic through a set of seemingly 'neutral' technical indicators, embedding a singular value system within global regulatory frameworks.

World Society Theory highlights the strong tendency towards 'Isomorphism' in such institutional environments, where international standards promote homogenization across contexts. In the absence of mechanisms for local adaptation, smallholders and organizations in the Global South are often compelled to mimic Northern organizational structures, production processes, and behavioral models in order to obtain legitimate certification labels [9]. For instance, although Fairtrade claims to protect smallholder rights, its certification logic remains grounded in a standardized, large-scale export model. It requires comprehensive production record systems, traceable quality controls, and formal documentation capacities—criteria that are often exclusionary for farmers operating within informal economies. Similarly, Rainforest Alliance emphasizes standardized indicators such as forest protection and pesticide reduction. Yet these 'universal' rules frequently overlook local land-use practices and pest management methods specific to tropical agricultural contexts.

More critically, this governance structure not only defines the rules, but also monopolizes the role of final arbiter. Certification bodies act simultaneously as standard-setters and as the assessors, raters, and enforcers of compliance. Throughout this process, regardless of how diligently Southern producers strive to conform, the final judgement remains in the hands of Northern institutions—effectively creating a 'legitimacy barrier'. In this sense, global ESG governance functions as a mechanism for the export of cognitive frameworks and normative values. Under the guise of standardization, technical neutrality, and transparency, it reinforces the authority of Northern actors in defining what constitutes greener. This, in turn, limits the space for Southern countries to pursue locally appropriate sustainability strategies, and further entrenches structural asymmetries between the Global North and South.

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3.2. Meso-level mechanism: the transmission of institutional pressure through certification

Within this context, ESG certification systems—initially designed to promote sustainable production—have gradually evolved into pervasive structures of compliance pressure. From the perspective of new institutionalism, institutions are not merely external constraints on behavior; they constitute deeply embedded rule systems that shape organizational practices and structures. Through processes of 'institutional isomorphism', they influence how actors make decisions and construct their identities. In the realm of green governance, institutional pressure is typically transmitted top-down through three key mechanisms: coercive pressure, normative pressure, and mimetic pressure. These forces collectively shape the behavior of actors across different levels of the supply chain, embedding compliance expectations into everyday organizational routines [10].

3.2.1. Coercive pressure

It refers to direct pressure arising from power relations or imposed market rules. This is often manifested in the form of market entry barriers set by Northern countries with discursive dominance. Although framed as essential compliance requirements, these conditions effectively function as non-negotiable prerequisites for participation. In export-oriented agricultural sectors, ESG requirements imposed by European and North American markets are routinely translated by major exporters into mandatory preconditions for producers in the Global South. As passive recipients of this system, Southern countries are left with little choice but to accept the rules as given, with limited space even to question their legitimacy. Green governance thus becomes something that must be done, rather than a process open to negotiation or context-specific adaptation. Over time, this dynamic leads to the emergence of what may be described as a form of green technocolonialism.

3.2.2. Normative pressure

It operates through industry associations, international NGOs, and training initiatives, which frame ESG standards as both morally appropriate and aligned with the spirit of the times. In this process, farming practices that are customary in many Southern contexts are often reclassified as 'non-compliant'. For example, in order to maintain EU Organic certification, tea producers in Pu'er, China, were required to entirely eliminate the use of chemical pesticides, thereby abandoning their traditional practice of applying small doses during pest outbreaks. The result was a significant decline in yield—and in some cases, total abandonment of harvests. Such rigid standards, which fail to accommodate local environmental realities, impose considerable economic sacrifices on producers. This reflects a broader pattern of 'compliance cost externalization, whereby the institutional burden is disproportionately shifted onto those at the end of the supply chain. Rather than enhancing contextual adaptability and procedural justice, sustainability certification becomes a mechanism of market-driven self-discipline, reinforcing normative expectations while undermining local resilience.

3.2.3. Mimetic pressure

This arises when the external environment is uncertain and organizational structures are unclear. In such contexts, many farmers choose to imitate the practices of Northern firms that are perceived as successful, hoping to enhance their own image and secure trust from exporters or renew contracts. However, this imitation is often superficial and short-term. Without sufficient technical support and

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resource capacity, smallholders struggle to sustain these practices over time. As a result, a path dependency on 'symbolic compliance' emerges—where adherence to standards is maintained in form, but not in substance.

These three forms of institutional pressure do not originate from a single actor, but are transmitted and reinforced through a complex governance network comprising certification bodies, NGOs, exporters, local cooperatives, and government programmes. This network enables multi-layered transmission and dynamic penetration of compliance expectations across levels. From this perspective, although ESG certification is framed in terms of voluntarism and sustainability, it is gradually transformed—through institutional practice—into a subtle yet coercive power structure. It effectively codifies standards devised in the Global North as non-negotiable preconditions for Southern actors' participation in global markets.

3.3. Micro-level adjustment: psychological mechanisms under institutional pressure

Upon perceiving external certification pressure, producers in the Global South do not respond in a uniform or immediate manner. Instead, their behavioral responses are shaped through a gradual and layered psychological process. The Theory of Planned Behavior (TPB) offers a useful framework for unpacking this process, by examining the underlying psychological mechanisms through three dimensions: attitude toward the behavior, subjective norm, and perceived behavioral control.

3.3.1. Attitude toward the behavior: performativity and instrumental compliance

Within the TPB framework, the first level of influence concerns an individual's or organization's evaluation of the behavior itself. For producers in the Global South, regular audits and inspections are often not viewed positively, but rather as burdensome obligations [11]. Their behavioral motivation is not rooted in a commitment to sustainability, but in the need to pass inspections and maintain market access. Under such conditions, compliance becomes instrumentalized—reduced to a short-term strategy for coping with external scrutiny. This distortion of attitude leads to a form of performative compliance, where certification is achieved without any meaningful or lasting improvement in production practices or business outcomes.

3.3.2. Subjective norm: symbolic conformity under perceived expectations

Following the formation of a behavioral attitude, the second key psychological variable in the TPB framework involves the perception of external expectations—specifically, the evaluation of 'what they want me to do' rather than 'what I believe I ought to do'. For producers in the Global South, these subjective norms are often shaped less by shared values with upstream firms and more by strategic considerations aimed at preserving market access. In this context, symbolic compliance becomes a preferred strategy—especially where green standards are poorly aligned with local realities and lack domestic legal enforcement. To maintain legitimacy and appear aligned with buyer expectations, Southern producers frequently priorities visible conformity over substantive change. For example, in the tropical fruit export sector in Southeast Asia, some exporters outsource their CSR reports to third-party writing firms purely to satisfy buyer audit requirements. These companies may have little understanding of the actual social or environmental impacts covered in the reports, yet continue to publish them as a response to subjective normative pressure.

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3.3.3. Perceived behavioral control: a sense of powerlessness in practice

The third key component of the TPB framework concerns the individual's perceived ability to perform the expected behavior. In agricultural systems across the Global South, smallholders and grassroots cooperatives often operate under severe resource constraints. While they may recognize the importance of certification and understand the underlying market logic, they feel unable to fully and sustainably comply due to multiple barriers—financial, human, informational, linguistic, and cultural. Over time, this sense of limited agency contributes to declining compliance and a weakening of disciplinary effectiveness. Research shows that in Indonesia's palm oil sector, over 60% of certified smallholders lost their certification during the second round of audits due to a lack of financial and technical support. As many producers report: 'We want to comply, but we cannot.' Certification thus becomes a cyclical response to audits, rather than a process of continuous improvement.

3.4. The turn to formalism: multi-actor performances of compliance

Although the Green Supply Chain Integration Initiative (GSCII) promotes sustainability through green certification, ESG reporting, and related assessment mechanisms, these institutional tools have, in practice, often remained at a symbolic level in the Global South [12]. Rather than catalyzing genuine transformation at the production site, they have increasingly evolved into a symbolic logic of compliance.

In response to compliance pressures from Northern markets and institutional actors, Southern producers frequently adopt short-term, strategic behaviors: submitting documentation, staging agricultural activities, or participating in brief training sessions. These formalistic actions serve as low-cost tactics to gain market access and buyer approval. While such symbolic performances contribute little to substantive sustainability outcomes, they are often sufficient to pass audits and secure a 'compliant' certification status.

As these responses become increasingly accepted and replicated within institutional systems, symbolic practices cease to be isolated strategic choices and gradually evolve into a structurally embedded norm driven by institutional incentives. More importantly, the institutions themselves have begun to adapt to—and tacitly endorse—such practices. Northern countries often favor 'measurable' and 'visible' forms of compliance evidence, such as documentation completeness, label usage rates, or training participation figures, while paying comparatively little attention to deeper evaluations of actual outcomes—such as ecological impact or labor rights conditions. For example, in Nestlé's Child Labor Monitoring and Remediation System (CLMRS) implemented in Côte d'Ivoire and Ghana, reporting has focused heavily on the number of individuals trained and the geographical coverage of the programme, while offering little disclosure on the actual identification or remediation of child labor cases. This institutional reliance on visible, quantifiable data further reinforces the performative orientation of compliance processes, weakening accountability for real environmental and social performance. In this sense, Northern actors—who are meant to steer global sustainability agendas—have themselves become participants in the performance.

From a governance perspective, although the GSCII framework presents itself as based on 'voluntary participation' and 'collaborative governance', its practical implementation increasingly exhibits a condition of decoupling —a systemic disconnection between institutional goals and actual behaviors. Symbolic compliance not only reflects the constraints faced by actors in the Global South, but also exposes deeper design flaws within the institutional architecture itself—namely, imbalanced incentive structures and an overreliance on perceived legitimacy. In this process, green

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certifications and labels gradually shift from being tools for transformation to external symbols used to preserve the appearance of governance and ensure market eligibility.

4. Conclusion

Drawing on the mechanisms of green governance within global agricultural supply chains, this paper has developed a multi-level, cross-theoretical analytical framework—integrating World Society Theory, New Institutionalism, TPB, and Symbolic Compliance Theory. This framework systematically reveals how green certification regimes have, in practice, evolved into mechanisms of symbolic compliance. Under an ESG order largely shaped by the Global North, governance tools originally intended to support sustainability transitions have increasingly become instruments of institutional performance, aimed at preserving legitimacy and securing market access. Meanwhile, smallholders and agricultural workers in the Global South bear a disproportionate share of compliance responsibilities and economic burdens. This process not only reinforces structural inequalities, but also deepens the institutional marginalization of Southern producers. Ultimately, it undermines both the real-world effectiveness of sustainability transitions and the legitimacy of the governance systems intended to support them.

Based on the above findings, the following policy recommendations are proposed:

(1) Reclaiming Southern Agency in Standard-Setting:

Greater voice and participation should be granted to actors from the Global South in shaping certification standards. Localization of indicators and the establishment of bottom-up negotiation channels are essential to prevent green governance from becoming an extension of technocratic colonialism.

(2) Redistribution of Compliance Costs and Support Responsibilities:

Multinational buyers and certification bodies should take on greater responsibility for resource transfers and capacity building. This includes providing smallholders with direct subsidies, long-term technical support, and assistance in navigating certification procedures—thereby reducing institutional burdens and restoring the original intent of sustainability.

(3) Reforming Audit and Performance Evaluation Mechanisms:

A shift is needed from an emphasis on 'visible evidence'—such as paperwork and participation metrics—towards the assessment of actual environmental and social improvements on the ground. Performance indicators should be made more substantive and context-sensitive to avoid symbolic compliance masking real issues.

(4) Fostering Institutional Innovation and Autonomous Certification Pathways in the Global South: Local cooperatives, governments, and farmer organizations should be encouraged to develop inclusive and contextually adapted green standards and certification systems. These can serve as complementary or alternative governance models to global standards, enhancing institutional diversity and local ownership.

In conclusion, truly fair and effective green supply chain governance must move beyond symbolic performance and standard exportation. It should seek to reshape power structures and knowledge hierarchies within global governance, empower Southern actors, and rebuild institutional justice—towards the dual goals of environmental sustainability and social equity.

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